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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/08

SPONSOR Carraro LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Reform U.S. Tax Code SM 8

ANALYST Escudero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates HM 33

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Memorial 8 is requesting that The New Mexico Congressional Delegation work to reform the United States Tax Code.

- The United States tax code has become increasingly complex and burdensome for American families and businesses.
- Congress has enacted fifteen thousand changes to the tax code since 1986, with each change resulting in more complexity and burdensome requirements on American taxpayers.
- Increased complexity and lack of transparency create substantial uncertainty for taxpayers in figuring out their tax bills each year.
- The tax base has become increasingly diluted as tax deductions for particular economic activities receive special preferences.
- American families and businesses spend more than three and one-half billion hours filling out their tax forms, costing one hundred fifty billion dollars (\$150,000,000,000), just to ensure that their taxes are paid correctly.
- High marginal tax rates on income and investment penalize work, savings and investment; and
- Multiple layers of double taxation on savings and investment coupled with increasing compliance costs are reducing economic growth, job creation and household savings; and

## **Senate Memorial 8 – Page 2**

- Tax law changes have not kept pace with a growing and dynamic international economy, thus leaving American workers and businesses at a significant competitive disadvantage with foreign competitors.
- For America to continue to be a leader in the global economy, congress needs to enact tax reform that greatly reduces compliance costs, eliminates double taxation of savings and investment and taxes income one time at one rate;
- Now, Therefore, Be It Resolved By The Senate Of The State Of New Mexico that the members of the New Mexico congressional delegation be requested to support tax reform that moves to a system that greatly reduces compliance costs, eliminates double taxation of savings and investment and taxes income one time at one rate; and
- Be It Further Resolved, that copies of this memorial be transmitted to each member of the New Mexico congressional delegation.

## **FISCAL IMPLICATIONS**

There are no appropriations attached to this legislation.

## **SIGNIFICANT ISSUES**

- Multiple layers of double taxation on savings and investment coupled with increasing compliance costs are reducing economic growth, job creation and household savings; and
- Tax law changes have not kept pace with a growing and dynamic international economy, thus leaving American workers and businesses at a significant competitive disadvantage with foreign competitors.
- For America to continue to be a leader in the global economy, congress needs to enact tax reform that greatly reduces compliance costs, eliminates double taxation of savings and investment and taxes income one time at one rate;

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